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Security Council

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Letter dated 21 July 2017 from the Chargé d'affaires a.i. of the Permanent Mission of Libya to the United Nations addressed to the President of the Security Council

Upon instructions from my Government, I have the honour to transmit herewith a letter dated 18 July 2017 addressed to you from the President of the Presidency Council of the Government of National Accord, Faiez Mustafa Serraj (see annex).

I humbly request that the present letter and its annex be issued as a document of the Security Council.

(*Signed*) Elmahdi S. **Elmajerbi**
Chargé d'affaires a.i.

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Annex to the letter dated 21 July 2017 from the Chargé d'affaires a.i. of the Permanent Mission of Libya to the United Nations addressed to the President of the Security Council

[Original: Arabic]

It is my pleasure to write to you in your capacity as President of the Security Council for the month of July 2017. I appreciate your efforts to achieve international peace and security, and to help Libya restore security and stability and protect its unity and resources. I should like to inform you that the value of the assets held by the Libyan Investment Authority (the sovereign wealth fund of Libya) has eroded significantly because of the negative effects of Security Council resolutions 1970 (2011), 1973 (2011) and 2009 (2011), pursuant to which the Authority's assets were frozen. Those resolutions were adopted without taking into account the potential negative effect they might have in the long term on the actual value of the Authority's assets.

The freezing of the Authority's assets pursuant to the above-mentioned resolutions has caused a substantial decline in the value of the investment portfolios held by the Authority and its subsidiaries. According to the Authority's calculations and estimates, the losses amount to more than $1 billion annually. There is no reason whatsoever for those losses to occur. In certain instances, the losses enrich the foreign financial institutions at which the assets are deposited, to the detriment of the Libyan people. If this problem is not addressed immediately and decisively, it threatens to deplete the Authority's resources completely. I will not address the many reasons for the losses that have been caused by the current sanctions regime and any related technical matters, because they are too extensive to be covered in the present letter. However, I should like to put the following points before the Security Council.

First, the Security Council was officially informed of the tremendous decline in asset value and the reasons therefor more than a year ago in a letter dated 21 March 2016 from the Permanent Representative of Libya to the United Nations addressed to the President of the Security Council (S/2016/275). In that connection, it should be noted that in its report to the Security Council (S/2016/209), which was released on 9 March 2016, the Panel of Experts on Libya recommended that the Council should explicitly allow the reinvestment of frozen assets and encourage improved management thereof. Unfortunately, despite that clear and forthright recommendation, the Council did not take any real action to address this serious fault in the current sanctions regime. Resolution 2278 (2016) was adopted without any of the required amendments, thereby causing the Libyan people to incur more than $1 billion in losses in 2016. This amount is in addition to the losses that have been accumulating since 2011.

Second, in paragraph 11 of its resolution 2278 (2016), under the heading "Assets freeze", the Security Council, after taking note of the letter from the Permanent Representative of Libya (S/2016/275), affirmed its "readiness to consider changes, when appropriate, to the asset freeze at the request of the Government of National Accord". Accordingly, I have instructed the Permanent Mission of Libya to the United Nations to once again make such a request. I have also instructed the Permanent Mission to hold bilateral meetings with Council members to clarify the situation and present, in cooperation with experts from the Libya Investment Authority, explanatory papers in response to any questions from Council members.

Third, on 26 June 2017, the Chargé d'affaires a.i. of the Permanent Mission of Libya sent a letter to the President of the Security Council (S/2017/543) in which he requested for a second time that the necessary changes should be made to the

sanctions regime, so as to halt the ongoing erosion of the value of the frozen assets. In addition, an entire paragraph of the letter that I sent to the President of the Security Council, which was annexed to a note verbale dated 26 June 2017 from the Permanent Mission of Libya (S/2017/544), is devoted to our request for the Council to act immediately and make the necessary changes. Regrettably, Security Council resolution 2362 (2017) was adopted without any change to the sanctions regime in respect of the frozen assets. In fact, our letter and the letter that was sent by the Libyan Mission were not even mentioned.

In view of the above, I, acting in my capacity as President of the Presidency Council of the Government of National Accord and in keeping with the responsibility that has been placed on me under the Libyan Political Agreement to protect the property and resources of the Libyan people, hereby formally request the Security Council to address quickly the decline and erosion in the value of the frozen assets of the Libyan Investment Authority, its portfolios and subsidiary entities. Those assets and funds belong to the Libyan people and are meant to be used by future generations. I further request the Security Council to halt the decline in the value of those assets caused by the sanctions regime that has been in place since 2011 by adopting a resolution that sets out the amendments that must be made to that regime in respect of the frozen assets, so as to improve the management thereof. When the sanctions regime was put in place, it was not meant to be a punitive measure against Libya, but rather a protective measure designed to preserve and safeguard Libyan assets and to prevent their being wasted during the transitional phase. In fact, what is happening is the exact opposite of the intended purpose of the sanctions regime, and there has been much wasting of the Libyan people's wealth.

Any delay in making the amendments requested will lead to greater losses for the Libyan people, who are facing tremendous economic difficulties. Every month, indeed, every week or even day, that goes by without the adoption of a resolution that incorporates the requested amendments means that the value of the Libyan people's assets will decline by millions of dollars every day. It is therefore completely unacceptable and unjustifiable for this dramatic decline in the value of the frozen to continue without the Security Council taking action to address this problem as soon as possible.

In conclusion, I should like to note that, in its resolutions and statements concerning Libya, the Security Council has repeatedly stated that it is committed to helping Libya and protecting the country's interests and resources. I therefore urgently call on you to give effect to those commitments. I should also like to remind of your legal and moral duties to quickly bring a halt to these completely unjustified losses and prevent further losses from being incurred. I am very confident that you will respond quickly to our just, necessary and urgent request.

I should be grateful if the present letter could be circulated as a document of the Security Council.

(*Signed*) Faiez Mustafa **Serraj**
President of the Presidency Council
of the Government of National Accord